

Oracle UK Pension Plan (the "Plan")
Annual Governance Statement for the Plan year ending on 31 May 2018

Introduction and background

This statement has been prepared in accordance with regulation 23 the Occupational Pension Scheme (Scheme Administration) Regulations 1996, as amended (the "Administration Regulations"), and related Pensions Regulator guidance.

It relates to both the hybrid and money purchase sections of the Plan which both provide benefits on a money purchase basis.

The Plan was closed to accrual on 31 December 2010, prior to 1 June 2004 members' money purchase benefits were subject to a final salary underpin (the "Underpin")

This statement covers the period from 1 June 2017 to the Plan year end, 31 May 2018.

Default arrangement

A number of requirements of the Administration Regulations, which are referred to in this statement, relate only to a "default arrangement" as defined in the Administration Regulations. The Plan has two default arrangements, one for those benefits subject to the underpin (Core funds) and one for all other funds (Non-core default); 94.6% of Members with Core funds are in that default strategy (the Core default) while 74.7% of Members with Non-core funds invest those funds in the Non-core default.

The Core default is invested in the Phoenix Oracle Diversified Growth Fund ("DGF") by default although members may self-select an alternative investment strategy. The DGF is an 80:20 split between the Phoenix Blackrock DGF and the Phoenix Blackrock Aquila MSCI World Fund.

The Non-core default includes lifestyling. Three lifestyling streams are available targeting taking benefits as cash, drawdown or, annuity purchase as detailed in the Statement of Investment Principles; members are defaulted into the Cash or Drawdown lifestyle stream depending on fund size but select to follow any of the three streams.

The table below sets out the funds that are used across the Non-core default.

Asset class	Fund
Equity	Phoenix CIS Oracle Global Equity Fund
Diversified Growth Funds	50% Phoenix CIS BlackRock DC Diversified Growth Fund and 50% Phoenix CIS Newton Real Return Fund
Index Linked Gilts	Phoenix CIS Oracle Index Linked Gilt Fund
Cash	Phoenix CIS Oracle Cash Fund

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All lifestyling streams invest in 20% Equity Fund and 80% DGF during the growth phase.

The default streams gradually switch to the strategies below over 5 years as Members approach their target retirement date.

Cash Lifestyling	100% cash fund
Drawdown Lifestyling	25.0% cash fund 12.5% index linked gilts 12.5% equity 50.0% DGF

Statement of Investment Principles

The Trustee has prepared a statement of investment principles ("SIP") governing decisions about investments for the purpose of the default arrangements. The SIP also contains a statement of investment principles relating to the Plan as a whole. The SIP covers the following key matters in relation to the default arrangements:

- The Trustee's aims and objectives in relation to the investments held in the default arrangements;
- The Trustee's policies on issues such as : the kinds of investments to be held; the balance between different kinds of investments; risks, including the ways in which risks are to be measured and managed ; the expected return on investments ; the realization of investments; and the extent (if at all) to which social, environmental or ethical considerations are taken into account when selecting, retaining or realizing investments;
- An explanation of how these aims, objectives and policies (which together form the Trustee's "default strategy") are intended to ensure that assets are invested in the best interests of members whose benefits are invested in the default arrangements.

A copy of the latest SIP relating to the default arrangements prepared in accordance with regulation 2A of the Occupational Pension Schemes (Investment) Regulations 2005 is contained in the APPENDIX 2 to this statement.

Review of default strategy and default arrangements

The Trustee reviews the default strategy and performance of the default arrangements annually.

Each review focuses, in particular, on the extent to which the return on investments relating to default arrangements (after the deduction of any charges which are relevant to those investments) is consistent with the Trustee's aims and objectives in respect of the default arrangements (as recorded in the SIP).

The most recent review of the SIP was carried out in May 2016.

The review was carried out by the Trustee having taken appropriate written advice from a suitably qualified individual, Jenny Swift from Aon Limited.

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The Trustee also consulted with Oracle Corporation UK Ltd, the sponsoring employer of the Plan, and sought advice from its professional advisers in formulating the investment strategies and deciding on the suitability of the products. The following information was considered:

- risk management and measurement including consideration of diversified portfolios of underlying assets and a mix of actively and passively managed funds;
- use of funds to reduce volatility or temporarily over-priced assets;
- the appointment of investment managers and restrictions placed on managers in relation to the allocation of assets, credit limits and the use of asset classes;
- the investment aims of the relevant funds; and
- the impact of performance on different groups of members.

The Trustee has, in particular reviewed the extent to which the return on investments relating to default arrangements (after deduction of any charges relating to those investments) is consistent with the aims and objectives of the Trustee in respect of the default arrangement and has concluded that to be the case.

During the year the Trustee carried out a review of the default strategies, the Trustee elected to consider further the investment profile of the growth phase of the Non-core default. The Trustee is currently taking further advice on alternative growth phase strategies. Should any strategy revisions be implemented, a revised SIP will be prepared.

The Core funds for the vast majority of members are considerably lower than the value of the Underpin with the difference funded by the Employer as is the case in a defined benefit scheme. While this continues to be the case the Trustee is taking an Integrated Risk Management approach to setting the Core default as it would with a defined benefit pension scheme. Having consulted with the Employer, the Trustee has determined that the Core default remains appropriate based on the Plan's funding position and the employer's covenant.

There are processes in place to publish relevant parts of this section on the Oracle Pension Scheme website and members will be notified about the changes in strategy.

Core financial transactions

The Trustee must ensure that core financial transactions (including the investment of contributions, transfer of member assets into and out of the Plan, transfers between different investments within the Plan and payments to and in respect of members) relating to the Plan are processed promptly and accurately.

For these purposes, "core financial transactions" are (broadly):

- Transfers of assets relating to the members into and out of the Plan;
- Switches of Members' investments between different funds within the Plan;
- Payments from the Plan to or in respect of members (e.g. Payment of death benefits)

During the past Plan year, the following arrangements have been made to ensure that core financial transactions are processed promptly and accurately;

- Plan administration including all aspects of contribution collection is undertaken by Barnett Waddingham (the "administrators")
- Investment fund administration and custody of assets is undertaken by the Phoenix CIS investment platform.
- Investment management is undertaken by the managers shown in this report.

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- The administrators have externally audited systems and processes in place for managing core transaction.
- The Trustee has in place with the administrators a service level agreement which includes relevant key performance indicators (KPIs) regarding the timescales for processing core financial transactions;
- The Trustee receives and reviews a quarterly administration report from the administrators which sets out the administrators' performance against the KPIs in the service level agreement. Quarterly meetings are held with the administrators to review the reports and discuss changes that need to be made. Within the report there is a reconciliation of the unit holdings recorded by the Phoenix CIS investment platform and the administrators.
- The administration report also reports any errors identified by the administrators in relation to the processing of core financial transactions, together with the steps taken to rectify those errors and any changes to the administrators' processes which have been implemented to ensure that there are no repetition of such errors. When errors occur the Trustee discusses with the administrator the reasons for the error and the steps taken to ensure the error does not reoccur.

All core transaction requirements were met with no issues during the Plan year.

Charges and transaction costs

The new governance rules require the Trustee to make an assessment of investment management charges and transactions costs borne by the Plan members and the extent to which those charges and costs represent good value for money for members.

The Trustee has calculated the charges and, so far as they were able to do so, the transaction costs, borne by Plan members for the Plan Year. In this context, "charges" means (subject to some specific exceptions, such as charges relating to pension sharing orders) all administration charges other than transaction costs. "Transaction costs" are costs incurred as a result of the buying, selling, lending or borrowing of investments.

The Trustee receives regular advice from their Investment Consultant on the suitability and value for money of all available investment options including non default funds. The Trustee aims to ensure that Members have access to a range of investment options and risk profiles; the Trustee regularly reviews the cost and performance of the available funds negotiating improved pricing where possible and taking advice on the continued suitability of the funds. The Trustee considers that the securing of competitive investment TERs, layered with oversight, administration and consultancy costs being met by the Employer, provides value for money for Members as discussed further below.

The fund charges are shown below for the funds used in the default strategy and the funds which may be self-selected by members. All funds are single priced and attract annual management charges as shown below. There are no policy fees or other charges and no transaction charges are incurred when switching funds.

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Fund Charges (including Phoenix CIS fees) Fund	Total Expense Ratio	Transaction Charges **
Active		
Phoenix CIS Oracle Diversified Growth Fund	0.50%	0.7%
Phoenix CIS Newton Real Return Fund	0.69%	N/A
Phoenix CIS BlackRock Diversified Growth Fund	0.60%	0.17%
Phoenix CIS MFS Meridian Global Equity Institutional Fund	0.71%	0.00%
Phoenix CIS Oracle Active UK Equity Fund	0.83%	0.05%
Phoenix CIS Threadneedle Pensions Property Fund	0.80%	0.65%
Phoenix CIS LGIM Property Fund	0.76%	0.22%
Phoenix CIS Oracle Cash Fund	0.19%	N/A
Passive		
Phoenix CIS LGIM Global Equity Fixed Weights 50/50 Index Fund	0.15%	0.00%
Phoenix CIS Oracle Global Equity Fund	0.10%	0.00%
Phoenix CIS LGIM UK Equity Index Fund	0.10%	0.00%
Phoenix CIS LGIM Over 15 Year Gilts Index Fund	0.10%	0.01%
Phoenix CIS Oracle Index Linked Gilt Fund	0.10%	0.00%
Phoenix CIS LGIM Corporate Bond All Stocks Index Fund	0.18%	0.00%
Phoenix CIS LGIM Ethical UK Equity Index Fund	0.25%	0.01%

The Trustee has concluded that the combination of charges is within the cap. The combined annual management charge for the growth phase of the default strategies is 0.54% i.e. lower than the maximum allowed of 0.75%.

** The data used to calculate the transaction charges is based on the raw information received from the underlying fund managers. For this reason it is an indication of the costs. More details information will be available for next year’s statement.

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The impact of the costs and charges applied through the Plan

The impact of the costs and charges applied through the Plan are shown in the APPENDIX 1.

"Good value" assessment of charges and transactions

The Trustee has assessed the extent to which the charges described above represent "good value" for members during the Plan year, by considering the level of member borne charges against the benefits attributable to such charges.

Whether something represents "good value" is not capable of being precisely defined, but for these purposes, the Trustee considers that charges may be viewed as representing "good value" for members where an optimum combination of cost and quality is achieved for the membership as a whole, relative to other options available in the market.

The Trustee has carried out a review of the following information when assessing the value of charges for the default arrangement:

- Information regarding the service levels provided to members during the past Plan year(see heading "core financial transactions")
- Data which demonstrates that the fund charges are less than the 0.7% charge prescribed for the default funds;
- Noting that the two of the funds used in the default arrangement are passive funds which aim to track the index with very low management costs;
- That assets are invested in pooled investments which cover a wide range of investments with different characteristics to spread risk;
- Noting from the investment reports to the Trustee that the tracked funds in which assets are invested continue to adequately track the index; and

When compared with other options available on the market (as shown in particular by the benchmarking data obtained).

Following this review, the Trustee concluded that overall, the default arrangement charges under the Plan continue to represent good value for members. For the reasons given above the Trustee also consider that the non default arrangements offer good value for members.

There are processes in place to publish relevant parts of this section on a website.

Trustee knowledge and understanding

Sections 247 and 248 of the Pensions Act 2004 set out the requirement for trustees to have appropriate knowledge and understanding of the law relating to pensions and trusts, the investment of Scheme assets and other matters to enable them to exercise their functions as trustees properly. This requirement is underpinned by guidance in the Pension Regulator's Code of Practice 7.

Dalriada Trustees Limited ("Dalriada") has been a trustee of the Plan since 10 December 2013 and sole independent professional trustee since 1 August 2017. Throughout its appointment Dalriada has been represented by Adrian Kennett and Greig McGuinness.

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Both Dalriada representatives are familiar with all Plan governing documents having oversaw a consolidation review of the Plan's trust deed and rules and been instrumental in the development of all other existing documents and policies.

Dalriada has externally audited processes with regards to the maintenance of knowledge and understanding for all of their key representatives appropriate to the appointments which they oversee including the need for all representatives to complete and maintain the Pensions Regulator's Tool Kit. Additionally, Mr Kennett is a Fellow and Mr McGuinness an Associate member of the Pensions Management Institute (PMI), both are members of the Association of Professional Pensions Trustees (APPT) and comply with the Continuous Professional Development (CPD) requirements of both organisations; a record of their internal and external training is kept by Dalriada, the PMI and, the APPT.

Through their CPD the Dalriada representatives have been able to build on and maintain their knowledge of the regulatory framework and how this applies to the Plan. Together with their experience of the Plan they are able to use this to effectively manage regulatory governance; oversee service providers; take advice as necessary, challenge advisers where appropriate and; ensure that the Plan agenda is Trustee led for the benefit of the Membership.

- The Dalriada representatives are also able to call on the expertise of their wider team, to supplement their own knowledge and experience, for the benefit of the Plan. For instance Dalriada's Chief Investment Officer sits on the Investment Sub Committee of the Plan and is involved in investment decisions for the Plan.

In addition, the Trustee has obtained actuarial; legal, accounting, investment and consulting advice as and when required during the past Plan year.

Member Representation

Arrangements are in place to encourage members of the Scheme or their representatives to make their views on matters relating to the Scheme.

During the year Members have received a Newsletter, annual benefit Statements and Summary Funding Statement. In each communication members have been given the opportunity to contact the Scheme and give feedback. Members are encouraged to register with the administrators on line portal to facilitate efficient and secure engagement.

Signed
by and on behalf of Trustee
Dated

Chair of Trustee

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APPENDIX 1

The impact of the costs and charges applied through the Plan

To demonstrate the impact of the costs and charges applied through the Plan, in this year’s Chair’s Statement the Trustee has produced illustrations in line with February 2018 guidance from the Department for Work & Pensions entitled “Cost and charge reporting: guidance for trustees and managers of occupational schemes”. These illustrations are set out below, and are designed to cater for representative cross-sections of the membership of the Plan’s DC arrangements.

For each individual illustration, each savings pot has been projected twice; firstly to allow for the assumed investment return gross of the costs and charges of the fund, and then again, but adjusted for the cumulative effect of the costs and charges of the fund.

To determine the parameters used in these illustrations, the Trustee has analysed Plan membership data relevant to the reporting period of this statement and ensured that the illustrations take into account the following:

- A representative range of pot sizes.
- A representative range of real terms investment returns (gross of costs and charges), including the lowest, the highest and the most popular (by number of members).
- A representative range of costs and charges, including the lowest and the highest.
- A representative range of the expected periods of Plan membership, including the approximate duration that the youngest Plan member would take to reach Normal Retirement Age.

The Trustee has determined not to include future contributions in these illustrations as the Plans DC arrangements are closed to new contributions. There are no external legacy Additional Voluntary Contribution arrangements associated with the Plan.

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Default Fund – Section 1 Core: Oracle Diversified Growth

The Oracle Diversified Growth Fund has been selected as it is the Default Fund for Section 1 Core funds (employer and employees contributions). It is also the most widely used fund by members of the Plan's DC arrangements. The illustrations set out in this table assume that that members are wholly invested in this fund throughout their period of membership.

Years of membership from today	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,439	£15,421	£41,171	£41,124	£77,195	£77,107
3	£16,356	£16,300	£43,616	£43,467	£81,780	£81,501
5	£17,327	£17,229	£46,206	£45,944	£86,637	£86,146
10	£20,016	£19,789	£53,376	£52,772	£100,080	£98,947
15	£23,122	£22,730	£61,658	£60,614	£115,609	£113,652
20	£26,709	£26,108	£71,225	£69,622	£133,547	£130,541
25	£30,854	£29,988	£82,276	£79,968	£154,268	£149,941
30	£35,641	£34,445	£95,042	£91,852	£178,205	£172,223
35	£41,171	£39,563	£109,789	£105,502	£205,855	£197,817

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could grow to £17,327 if no charges are applied but to £17,229 with charges applied.**

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Default Strategy – Section 1 Non-Core and/or Section 2 and Section 2 only: Lifestyle Drawdown

The Lifestyle Drawdown has been selected as it is the Default Fund for Section 1 Non-Core funds and Section 2. The illustrations set out in this table assume that a member that joins at age 30 is wholly invested in this strategy throughout their period of membership to the Plans NRA.

Years of membership from age 30	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,454	£15,375	£41,210	£41,001	£77,268	£76,876
3	£16,403	£16,154	£43,740	£43,077	£82,013	£80,770
5	£17,410	£16,972	£46,426	£45,260	£87,049	£84,862
10	£20,207	£19,204	£53,884	£51,211	£101,033	£96,020
15	£23,453	£21,729	£62,540	£57,944	£117,263	£108,646
20	£27,220	£24,586	£72,587	£65,563	£136,101	£122,931
25	£31,593	£27,819	£84,248	£74,184	£157,966	£139,095
30	£36,668	£31,477	£97,783	£83,939	£183,342	£157,385
35	£41,030	£34,446	£109,412	£91,856	£205,148	£172,230

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund from age 30, after 5 years the fund could grow to £17,410 if no charges are applied but to £16,972 with charges applied.**

The change to the asset allocation in the final 5 years to NRA will have an impact upon the assumed rate of return as well as the costs and charges applied to members and, as such, we have modelled the last 5 years to retirement below separately. In order to do so, we have assumed a starting age of 60.

Years of membership from age 60	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,454	£15,375	£41,210	£41,001	£77,268	£76,876
3	£16,403	£16,154	£43,740	£43,077	£82,013	£80,770
5	£17,410	£16,972	£46,426	£45,260	£87,049	£84,862

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Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could grow to £17,410 if no charges are applied but to £16,972 with charges applied.**

Phoenix CIS Oracle Global Equity Fund

The Phoenix CIS Oracle Global Equity Fund has been selected as it is the fund with the highest assumed real investment return (net of costs and charges) of the funds available through the Plan's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Years of membership from today	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,512	£15,498	£41,366	£41,327	£77,561	£77,488
3	£16,590	£16,543	£44,239	£44,114	£82,948	£82,714
5	£17,742	£17,658	£47,312	£47,089	£88,710	£88,292
10	£20,985	£20,788	£55,960	£55,435	£104,926	£103,940
15	£24,821	£24,472	£66,190	£65,259	£124,106	£122,361
20	£29,358	£28,809	£78,289	£76,825	£146,792	£144,047
25	£34,725	£33,915	£92,600	£90,440	£173,625	£169,576
30	£41,073	£39,926	£109,527	£106,469	£205,363	£199,629
35	£48,580	£47,002	£129,548	£125,338	£242,902	£235,009

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could grow to £17,742 if no charges are applied but to £17,658 with charges applied.**

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Phoenix CIS Oracle Cash Fund

The Phoenix CIS Oracle Cash Fund has been selected as it is the fund with the lowest real investment return (net of charges) of the funds available through the Plan's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Years of membership from today	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£14,854	£14,839	£39,610	£39,571	£74,268	£74,195
3	£14,565	£14,522	£38,841	£38,726	£72,826	£72,611
5	£14,282	£14,212	£38,086	£37,899	£71,412	£71,061
10	£13,599	£13,466	£36,265	£35,909	£67,996	£67,329
15	£12,949	£12,759	£34,530	£34,023	£64,743	£63,793
20	£12,329	£12,089	£32,878	£32,236	£61,646	£60,443
25	£11,739	£11,454	£31,305	£30,543	£58,697	£57,268
30	£11,178	£10,852	£29,807	£28,939	£55,889	£54,261
35	£10,643	£10,282	£28,382	£27,419	£53,215	£51,411

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could be £14,282 if no charges are applied but £14,212 with charges applied.**

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Phoenix CIS Oracle Active UK Equity Fund

The Phoenix CIS Oracle Active UK Equity Fund has been selected as it is the fund with the highest total member-borne charges of the funds available through the Plan's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Years of membership from today	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,512	£15,391	£41,366	£41,042	£77,561	£76,954
3	£16,590	£16,203	£44,239	£43,208	£82,948	£81,015
5	£17,742	£17,058	£47,312	£45,488	£88,710	£85,291
10	£20,985	£19,399	£55,960	£51,730	£104,926	£96,993
15	£24,821	£22,060	£66,190	£58,827	£124,106	£110,301
20	£29,358	£25,087	£78,289	£66,899	£146,792	£125,436
25	£34,725	£28,529	£92,600	£76,078	£173,625	£142,647
30	£41,073	£32,444	£109,527	£86,517	£205,363	£162,219
35	£48,580	£36,895	£129,548	£98,388	£242,902	£184,477

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could grow to £17,742 if no charges are applied but to £17,058 with charges applied.**

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Phoenix CIS MFS Meridian Global Equity Institutional Fund

The Phoenix CIS MFS Meridian Global Equity Institutional Fund has been selected as it is the most popular self-select fund amongst those funds applicable to Section 2 members in the Plan's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Years of membership from today	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£15,512	£15,408	£41,366	£41,089	£77,561	£77,041
3	£16,590	£16,259	£44,239	£43,356	£82,948	£81,293
5	£17,742	£17,156	£47,312	£45,748	£88,710	£85,778
10	£20,985	£19,621	£55,960	£52,323	£104,926	£98,106
15	£24,821	£22,441	£66,190	£59,842	£124,106	£112,204
20	£29,358	£25,666	£78,289	£68,442	£146,792	£128,329
25	£34,725	£29,354	£92,600	£78,278	£173,625	£146,772
30	£41,073	£33,573	£109,527	£89,528	£205,363	£167,865
35	£48,580	£38,398	£129,548	£102,394	£242,902	£191,989

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could grow to £17,742 if no charges are applied but to £17,156 with charges applied.**

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Phoenix CIS Oracle Index Linked Gilt Fund

The Phoenix CIS Index Linked Gilt Fund has been selected as it is the fund with the lowest charge amongst those applicable to the Plan's DC arrangements. The illustrations below assume that the member is invested wholly in this fund throughout their period of membership.

Years of membership	Starting pot size: £15,000		Starting pot size: £40,000		Starting pot size: £75,000	
	Before charges	After charges	Before charges	After charges	Before charges	After charges
0	£15,000	£15,000	£40,000	£40,000	£75,000	£75,000
1	£14,854	£14,839	£39,610	£39,571	£74,268	£74,195
3	£14,565	£14,522	£38,841	£38,726	£72,826	£72,611
5	£14,282	£14,212	£38,086	£37,899	£71,412	£71,061
10	£13,599	£13,466	£36,265	£35,909	£67,996	£67,329
15	£12,949	£12,759	£34,530	£34,023	£64,743	£63,793
20	£12,329	£12,089	£32,878	£32,236	£61,646	£60,443
25	£11,739	£11,454	£31,305	£30,543	£58,697	£57,268
30	£11,178	£10,852	£29,807	£28,939	£55,889	£54,261
35	£10,643	£10,282	£28,382	£27,419	£53,215	£51,411

Note on how to read this table: **The highlighted example shows that if a member has invested £15,000 in this fund today, after 5 years the fund could be £14,282 if no charges are applied but £14,212 with charges applied.**

Notes

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation. It is for this reason some funds show negative real growth.
2. Inflation is assumed to be 2.5% each year
3. No further contributions are assumed to be paid
4. Values shown are estimates and are not guaranteed
5. Charges for each fund used in the illustrations are those outlined in this statement
6. The projected growth rates, gross of costs and charges, for each fund or arrangement are in line with those produced for the Plan's 2018 Statutory Money Purchase Illustrations (SMPI), and are as follows:

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Fund	Assumed investment return p.a.
Phoenix CIS Oracle Active UK Equity Fund	6.00%
Phoenix CIS Oracle Global Equity Fund*	6.00%
Phoenix CIS MFS Meridian Global Equity Institutional Fund	6.00%
Phoenix CIS BlackRock Diversified Growth Fund*	5.50%
Phoenix Newton Real Return Fund*	5.50%
Phoenix CIS Oracle Diversified Growth Fund	5.50%
Phoenix CIS Oracle Cash Fund*	1.50%
Phoenix CIS Oracle Index Linked Gilt Fund*	1.50%

*Used in the Lifestyle Drawdown strategy

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APPENDIX 2

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Oracle UK Pension Plan
Statement of Investment Principles ("SIP")

Underpin Section - Section 1

The Trustees aim to invest the assets of the Plan prudently to ensure that the benefits promised to members are provided. The asset allocation strategy they have selected is designed to balance investing to meet the likely benefit obligation, taking into account the DB underpin, with investing to maximise members' benefits. The Trustees have taken into account the need for appropriate diversification.

Defined Contribution Section - Section 1 and Section 2

In investing the assets of the Plan in a prudent manner, the key aim of the Trustees is to provide a range of investments that are suitable for meeting long term and short term member objectives. They have taken into account members' circumstances, in particular their likely attitudes to risk, term to retirement, fund value at retirement and the options available at retirement. The Trustees aim to provide a limited range of high quality investment options.

Pensioner Section

The Trustees pay members' benefits from the Plan, as opposed to securing them through the purchase of an annuity. On retirement, members' funds will be disinvested from the Plan and invested within the Trustee Reserve Account. The Trustees aim to broadly match the balance between inflation-linked and fixed obligations, until such time as a bulk annuity purchase becomes viable.

The Plan is comprised of two sections (1 and 2). Section 1 is a hybrid of a Defined Contribution (DC) Scheme with a Defined Benefit (DB) Underpin, Section 2 is pure DC.

Section 1 is available for members' benefits accrued prior to 1 June 2004. Section 2 is available for benefits accrued after 1 June 2004. Both sections are now closed to future contributions. The Plan's investment objective is implemented using the range of investment options set out in Appendix One.

After taking advice, the Trustees decided to make three lifestyle options available for Section 1 non-core and Section 2 funds. The lifestyle options are designed to be appropriate for a typical member with a predictable retirement date. However, the lifestyle options are not necessarily suitable for all members, for example, those who unexpectedly retire early.

This Statement has been prepared in accordance with section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004, the Occupational Pension Schemes (Investment) Regulations 2005), the Occupational Pension Schemes (Scheme Administration) Regulations 1996 and the Occupational Pension Schemes (Charges and Governance) Regulations 2015.

The Trustees have consulted with the principal employer, Oracle Corporation UK Limited ("the Employer"), prior to writing this Statement and will take the Employer's comments into account when they believe it is appropriate to do so.

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It is the policy of the Trustees to provide suitable information for members so that they can make the appropriate investment decisions. The range of funds was chosen by the Trustees after taking expert advice from the Plan's investment adviser. In choosing the Plan's investment options, the Trustees consider:

- The need for appropriate diversification.
- A full range of asset classes, including alternative asset classes such as private equity.
- The suitability of the possible styles of investment management and the option of investment manager diversification for members of the Defined Contribution Section.
- The risks and rewards of alternative asset allocation strategies.
- The suitability of each asset class in the Defined Benefit Underpin Section planned asset allocation strategy.
- The suitability of each asset class in the Defined Contribution Section.

The expected long term returns from the investment options are set out in Appendix Four. The Trustees expect the long-term return on the investment options that invest predominantly in equities to exceed price inflation and general salary growth. The long term returns on the bond and cash options are expected to be lower than the predominantly equity options. However, bond funds are expected to broadly match the price of annuities, giving some protection in the amount of secured pension for members closer to retirement for members who intend to take their benefits in this form. Cash funds are expected to provide protection against changes in short-term capital values, and may be appropriate in the lead up to retirement for members receiving part or all of their retirement benefits in the form of cash.

Pre June 2004 'Section 1' DC Investments

The default investment option is the AXA Wealth Oracle Diversified Growth Fund for employer and employee core funds. The lifestyle investment options for non-core funds are detailed in Appendix Five.

Post June 2004 'Section 2' DC Investments

The lifestyle investment options are detailed in Appendix Five.

Trustee Reserve Account

Pensioner Section Investments

Assets held in the Trustee Reserve Account in respect of the Pensioner Section are invested in the AXA Wealth Oracle Pensioner Reserve Fund.

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RISK MEASUREMENT AND MANAGEMENT

The Trustees recognise the key risk is that members will have insufficient income in retirement or an income that does not meet their expectations. The Trustees considered this risk when setting the investment options and strategy for the Plan. The Trustees' policy in respect of risk measurement methods and risk management processes is set out below.

The Trustees consider the following sources of risk:

- Risk of not meeting the reasonable expectations of members, bearing in mind members' contributions and fund choices.
- Risk of fund managers not meeting their objectives ("manager risk"). This risk is considered by the Trustees and their advisers both upon the initial appointment of the fund manager and on an ongoing basis thereafter.
- Risk of the lifestyle strategies or default funds being unsuitable for the requirements of some members.
- The risk of fraud, poor advice or acts of negligence ("operational risk"). The Trustees have sought to minimise such risk by ensuring that all advisers and third party service providers are suitably qualified and experienced and that suitable liability and compensation clauses are included in all contracts for professional services received.

Together with the following sources of risk which are specific to the Defined Benefit underpin and pensioner sections:

- The risk of a significant difference in the sensitivity of asset and liability values to changes in financial and demographic factors ("mismatching risk"). The Trustees and their advisers considered this mismatching risk when setting the investment strategy.
- The risk of a shortfall of liquid assets relative to the Plan's immediate liabilities ("cash flow risk"). The Trustees and their advisers will manage the Plan's cash flows taking into account the timing of future payments in order to minimise the probability that this occurs.
- The possibility of failure of the Plan's sponsoring employer ("covenant risk"). The Trustees and their advisers considered this risk when setting the investment strategy and consulted with the sponsoring employer as to the suitability of the proposed strategy.

Due to the complex and interrelated nature of these risks, the Trustees consider these risks in a qualitative rather than quantitative manner as part of each formal strategy review. The Trustees' policy is to review the range of funds offered and the suitability of the lifestyle option annually.

These risks are considered as part of each normal strategy review. In addition, the Trustees measure risk in terms of the performance of the assets compared to the benchmarks on a periodic basis, along with monitoring any significant issues with the fund managers that may impact their ability to meet the performance targets set by the Trustees.

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GOVERNANCE

The Trustees of the Plan have ultimate responsibility for the investment of the Plan's assets. The Trustees take some decisions themselves and delegate others. When deciding which decisions to take themselves and which to delegate, the Trustees have taken into account whether they have the appropriate training and expert advice in order to take an informed decision. The Trustees have established the following decision-making structure:

<p style="text-align: center;">Trustees</p> <ul style="list-style-type: none"> • Set structures and processes for carrying out their role • Select and monitor planned asset allocation • Appoint Investment Committee • Select and monitor the investment advisers • Select direct investments (see overleaf) • Consider recommendations from the Investment Committee 	<p style="text-align: center;">Investment Committee</p> <ul style="list-style-type: none"> • Make recommendations to the Trustees on <ul style="list-style-type: none"> – selection of fund managers – investment structures and their implementation • Monitor fund managers • Monitor direct investments • Make ongoing decisions relevant to the operational principles of the Plan's investment strategy
<p style="text-align: center;">Investment Adviser</p> <ul style="list-style-type: none"> • Advise on all aspects of the investment of the Plan's assets, including implementation • Advise on this statement • Provide training as required 	<p style="text-align: center;">Fund Managers</p> <ul style="list-style-type: none"> • Operate within the terms of this statement and their written contracts • Select individual investments with regard to their suitability and diversification • Advise Trustees on suitability of their benchmarks

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DIRECT INVESTMENTS

The Pensions Act 1995 distinguishes between investments where the management is delegated to a fund manager under a written contract and those where a product is purchased directly, eg the purchase of an insurance policy or units in a pooled vehicle. The latter are known as **direct investments**.

The Trustees' policy is to review their direct investments and to obtain written advice about them at regular intervals (normally annually). These include vehicles available for members' DC contributions and AVCs. When deciding whether or not to make any new direct investments the Trustees will obtain written advice and consider whether future decisions about those investments should be delegated to the fund manager(s).

Section 1

All of the Plan's Section 1 member assets are invested in an insurance policy with AXA Wealth Ltd.

Section 2

All of the Plan's Section 2 member assets are invested in an insurance policy with AXA Wealth Ltd.

Trustee Reserve Account

All of the Trustee assets, which are predominately there to provide for the DB underpin, where necessary, and pensioner section, are invested in an insurance policy with AXA Wealth Ltd.

The written advice will consider the issues set out in the Occupational Pension Schemes (Investment) Regulations 2005 and the principles contained in this statement. The regulations require all investments to be considered by the Trustees (or, to the extent delegated, by the fund managers) against the following criteria:

- The best interests of the members and beneficiaries
- Security
- Quality
- Liquidity
- Profitability
- Nature and duration of liabilities
- Tradability on regulated markets
- Diversification
- Use of derivatives

When deciding whether to make any new direct investments or terminate any direct investments, the Trustees will obtain written advice from their investment adviser. If the Trustees believe that any of the insurance policies are no longer suitable for the Plan, it will withdraw the assets.

The Trustees' investment adviser has the knowledge and experience required under the Pensions Act 1995.

The Trustees expect the fund managers to manage the assets delegated to them under the terms of their respective contracts and to give effect to the principles in this statement so far as is reasonably practicable.

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IMPLEMENTATION

Aon Hewitt Limited has been selected as investment adviser to the Trustees and the Investment Sub-Committee. Aon Hewitt operates under an agreement to provide a full service designed to ensure that the Trustees and Investment Sub-Committee are fully briefed both to take decisions themselves and to monitor those they delegate. Aon Hewitt is paid on a combination of fixed fee and time cost basis. This structure has been chosen to ensure that cost-effective, independent, advice is received.

Section 1

The Trustees use the Aon Hewitt Fund Delivery Service to implement their required investment strategy for Section 1. This service provides access to a range of pooled fund managers through a single route, these are detailed within Appendix One. AXA Wealth Ltd provides the insurance policy and fund administration for all funds within the service. The Trustees have decided that all Section 1 employer core contributions will be invested in the AXA Wealth Oracle Diversified Growth Fund.

For Section 1 employee core and non-core contributions, the Trustees have decided that a limited range of high quality investment options will be made available. The objective is to ensure that the investment needs of members are provided for while avoiding an overwhelming amount of choice.

Section 2

The Trustees use the Aon Hewitt Fund Delivery Service to implement their required investment strategy for Section 2. This service provides access to a range of pooled fund managers through a single route, these are detailed within Appendix One. AXA Wealth Ltd provides the insurance policy and fund administration for all funds within the service. The Trustees have decided that for investments made in Section 2 a limited range of high quality investment options will be made available. The objective is to ensure that the investment needs of members are provided for while avoiding an overwhelming amount of choice.

Trustee Reserve Account

The Trustees use the Aon Hewitt Fund Delivery Service to implement their required investment strategy for the Trustee Reserve Account. This service provides access to a range of pooled fund managers through a single route. These are detailed within Appendix Two.

Responsibilities of Fund Managers

The fund managers underlying the AXA Wealth policy are required to have regard for:

- Realisation of investments.
- Taking into account social, environmental or ethical considerations in the selection, retention and realisation of investments.
- Voting and implementing corporate governance, as required to ensure the best performance of the investments held.

The Trustees expect each fund manager of the underlying assets to carry out the powers of investment delegated to them with a view to giving effect to the principles in this Statement so far as is practical. All investment managers, as mentioned above, have responsibility for all day-to-day decisions about the investments that fall under a written contract.

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Socially Responsible Investment

The Trustees do not have a separate policy on socially responsible investment and corporate governance that requires compliance from their fund managers. The fund managers take these factors into account in the day-to-day management of the funds.

The Trustees have also made available socially responsible investment fund choices, so members are able to choose such an option if they wish to do so.

Charges

The fund managers are remunerated through a percentage of fund charge (an annual management charge). In addition, fund managers may pay commissions to third parties on many trades they undertake in the management of the assets. The Trustees intend to review these costs from time to time to ensure that the costs incurred are commensurate with the goods and services received.

The current annual management charges are detailed in Appendix Three.

The Trustees will review this SIP at least every three years and immediately following any significant change in investment policy. The Trustees will take investment advice and consult with the Sponsoring Employer over any changes to the SIP.

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Appendix One - AXA Wealth Funds – Section 1 and 2

Active Funds

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
AXA Wealth Newton Real Return Fund	All contributions, except Section 1 employer core contributions.	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	1 Month LIBOR	Outperform benchmark by 4% p.a. over rolling 3 – 5 year period.
AXA Wealth BlackRock Diversified Growth Fund	All contributions, except Section 1 employer core contributions.	Invests in a wide range of assets. The returns are expected to be less volatile than investment in shares as the diversification of investments will help to reduce overall risk. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	Bank of England Base rate	Outperform benchmark by 3.5% p.a. over rolling 3 year period.
AXA Wealth Oracle Diversified Growth Fund	Section 1 core contributions only.	Composite of 80% BlackRock Defined Contribution Diversified Growth Fund and 20% BlackRock Aquila MSCI World Fund. The fund is rebalanced as necessary to the initial allocation of 80%/20% of the underlying funds in any subsequent period where it deviates.	Bank of England Official Base Rate Plus 3.5% 20% MSCI World Index Net Total Return GBP	Composite
AXA Wealth Baillie Gifford UK Equity Focus Fund	All contributions, except Section 1 employer core contributions.	The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns from this asset class.	FTSE All Share Index	Outperform benchmark by 1.5% to 2% pa over rolling 3 year periods.
AXA Wealth MFS Meridian Global Equity Institutional Fund	All contributions, except Section 1 employer core contributions.	Invests in shares throughout the world. The returns will be more volatile and less secure than from UK government bonds. To compensate for this extra risk, investors expect higher investment returns. There will also be additional risk due to currency movements. However, the additional diversification will help to reduce overall risk.	MSCI World Index	To outperform index over full market cycle.
AXA Wealth Threadneedle Pensions Property Fund	All contributions, except Section 1 employer core contributions.	Invests in direct and indirect property. Property investment risk is lower than investments in equities, but higher than investment in bonds.	CAPS Pooled Pension Fund Property Median	To outperform the benchmark by 1% pa over rolling 3 year periods.
AXA Wealth LGIM Property Fund	All contributions, except Section 1 employer core contributions. Closed to all new contributions (including transfers).	Invests in direct and indirect property. Property investment risk is lower than investments in equities, but higher than investment in bonds.	CAPS Pooled Pension Fund Property Median	To outperform the benchmark by 1-1.5% p.a. over rolling 3 year periods.
AXA Wealth Oracle Cash Fund	All contributions, except Section 1 employer core contributions.	Invests in short term cash instruments and aims to produce fairly reliable nominal returns.	7 Day LIBID	To deliver competitive rates of return from cash deposits and other short-term instruments.

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Appendix Two - AXA Wealth Funds – Trustee Reserve Account

Active Funds

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
AXA Wealth Oracle Diversified Growth Fund		Invests in a composite of 80% BlackRock Defined Contribution Diversified Growth Fund and 20% BlackRock Aquila MSCI World Fund	Bank of England Official Base Rate Plus 3.5% 20% MSCI World Index Net Total Return GBP	

Passive & Active Funds – Pensioner Reserve Fund

Fund Name	Availability	Investment characteristics	Benchmark	Performance target
AXA Wealth Oracle Pensioner Reserve Fund	Trustee Reserve Account	Low risk option with lower expected returns than equities. Investments are expected to broadly match the balance between inflation-linked and fixed obligations. The fund is rebalanced to the initial allocation of the underlying funds on a quarterly basis.	28% FTSE UK Gilts Index-Linked Up to 5 Years Index 42% FTSE A Index-Linked (Over 5 Year) Index 30% Bank Of England Official Bank Rate Plus 3.5%	Achieve returns in line with benchmark.

All investments held in relation to the pensioner section are held in the AXA Wealth Oracle Pensioner Reserve Fund

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Appendix Three – Fund Charges (including AXA Wealth fees)

Fund	Total Expense Ratio
Active	
AXA Wealth Oracle Diversified Growth Fund	0.52%*
AXA Wealth Newton Real Return Fund	0.69%
AXA Wealth BlackRock Diversified Growth Fund	0.63%
AXA Wealth MFS Meridian Global Equity Institutional Fund	0.76%
AXA Wealth Baillie Gifford UK Equity Focus Fund	0.51%
AXA Wealth Threadneedle Pensions Property Fund	0.85%
AXA Wealth LGIM Property Fund	0.78%
AXA Wealth Oracle Cash Fund	0.175%
Passive	
AXA Wealth Oracle Pensioner Reserve Fund	Composite
AXA Wealth LGIM Global Equity Fixed Weights 50/50 Index Fund	0.15%
AXA Wealth Oracle Global Equity Fund	0.10%
AXA Wealth LGIM UK Equity Index Fund	0.10%
AXA Wealth LGIM Over 15 Year Gilts Index Fund	0.10%
AXA Wealth Oracle Index Linked Gilt Fund	0.10%
AXA Wealth LGIM Corporate Bond All Stocks Index Fund	0.175%
AXA Wealth LGIM Ethical UK Equity Index Fund	0.25%

*Based on allocation of 80% BlackRock Defined Contribution Diversified Growth Fund and 20% BlackRock Aquila MSCI World Fund

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Appendix Four – Expected Returns on Assets

Aon Hewitt’s current expected nominal return assumptions over the next 10 years, as taken from their Capital Market Assumptions dated 30 September 2015, are as follows:

Diversified Growth Funds	5.5% pa
UK Equity	7.3% pa
Global Equity	7.3% pa
UK Property	6.0% pa
UK Index Linked Gilts	1.9% pa
UK Fixed Interest Gilts	2.6% pa
Corporate Bonds	3.5% pa
Cash	1.9% pa

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Appendix Five – Lifestyle Options

The Trustees have selected three lifestyle strategies in which members can choose to invest their Section 1 non-core and Section 2 funds:

- Cash
- Drawdown
- Annuity

Each strategy automatically switches investments to align funds with the way in which members intend to take their benefits at retirement.

The following funds are currently constituents of the lifestyle matrices:

Fund Type	Fund Name	Investment Style
Cash		
Diversified Growth	AXA Wealth BlackRock Diversified Growth Fund	Active
Diversified Growth	AXA Wealth Newton Real Return Fund	Active
Equity	AXA Wealth Oracle Global Equity Fund	Passive
Cash	AXA Wealth Oracle Cash Fund	Active
Drawdown		
Diversified Growth	AXA Wealth BlackRock Diversified Growth Fund	Active
Diversified Growth	AXA Wealth Newton Real Return Fund	Active
Equity	AXA Wealth Oracle Global Equity Fund	Passive
Index Linked Gilts	AXA Wealth Oracle Index Linked Gilt Fund	Passive
Cash	AXA Wealth LGIM Cash Fund	Active
Annuity		
Diversified Growth	AXA Wealth BlackRock Diversified Growth Fund	Active
Diversified Growth	AXA Wealth Newton Real Return Fund	Active
Equity	AXA Wealth Oracle Global Equity Fund	Passive
Index Linked Gilts	AXA Wealth Oracle Index Linked Gilt Fund	Passive
Cash	AXA Wealth LGIM Cash Fund	Active

Members are assumed to retire at 65 unless they have specified an alternative target retirement age.

Whilst the member has more than 5 years to retirement, all the lifestyle funds are identical and invest 80% in diversified growth funds and 20% in equity. The equity allocation is invested in the AXA Wealth Oracle Global Equity Fund. The diversified growth fund allocation is invested equally in the AXA Wealth BlackRock Diversified Growth Fund and AXA Wealth Newton Real Return Fund. The allocations are rebalanced each quarter.

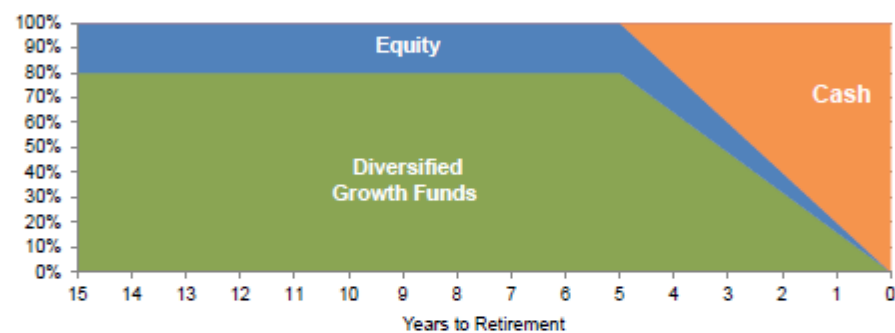
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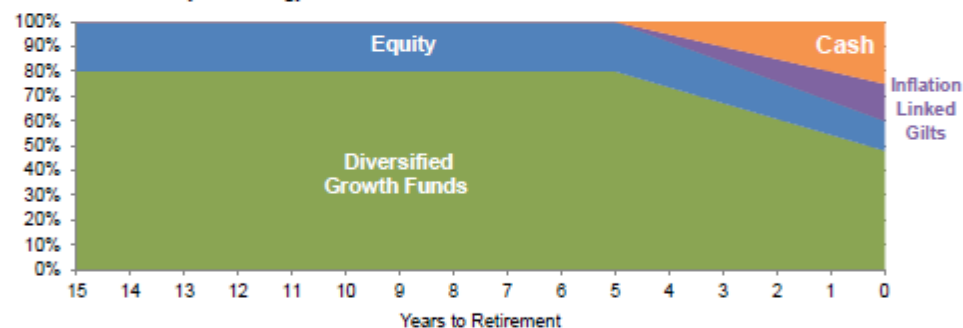
Within 5 years from retirement, the member's fund will be rebalanced in line with the lifestyle matrix on a quarterly basis. To reduce the risk of needing to repurchase fund units sold in a previous period purely as a result of market movements, the administrators will implement a 'No buy back' rule on the Equity and Diversified Growth Funds. For example, if market movements suggest that either Equity or Diversified Growth Funds need to be purchased to rebalance the member's fund in line with the lifestyle matrix, then this instruction will be overridden and the member's funds will be allowed to catch up with the matrix naturally as time passes.

Charts showing each lifestyle are set out below:

Cash Lifestyle Strategy



Drawdown Lifestyle Strategy



Annuity Lifestyle Strategy

